

KFTC takes action on foreign automakers

for false advertising on emissions

Imposing corrective measures and fines (a total of 1.06 billion won) on AVK and Stellantis Korea

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Consumer Safety & Information Division

The Korea Fair Trade Commission (led by Chairperson Sung-wook Joh, hereinafter the "KFTC") decided to impose corrective measures and a total of 1 billion and 62 million won* in fines on Audi Volkswagen Korea (AVK) and Stellantis Korea for false advertising on emissions.

* Audi Volkswagen Korea: 831 million won, Stellantis Korea: 231 million won

First of all, these automakers made false representations about compliance with emissions standards by having a label that says "this vehicle was designed to comply with the regulations of the Air Environment Conservation Act" under the hood of their diesel vehicles. In fact, the automakers "illegally installed a software that turns off emissions controls during regular driving" (hereinafter referred to as defeat devices) on the diesel vehicles involved in the case. Without the use of defeat devices, the vehicles would not have passed emissions standards.

Nevertheless, the automakers concealed the facts and advertised that their cars were manufactured in compliance with the law or met emissions standards. So, the KFTC decided that they made false and exaggerated claims in their advertising and labeling. In particular, Audi Volkswagen made deceptive and exaggerated claims by making its cars seem Euro 6 compliant, while in fact the cars did not even comply with less stringent Euro 5 standards.

Also, general consumers who saw these labeling and advertising practices may mistakenly believe that the vehicles sold by the automakers are manufactured in accordance with the Air Environment Conservation Act and meet the emissions standards. Due to these concerns, the KFTC decided that such misunderstandings could hinder consumers in making reasonable purchase decisions and thus undermine fair trade order.

Therefore the KFTC reached a conclusion that the practices of Audi Volkswagen Korea and Stellantis Korea have violated Article 3, Paragraph 1, Subparagraph 1 of the Act on Fair Labeling and Advertising since they are false and exaggerated, misleading, and harmful to fair trade.

The KFTC's measure is meaningful because it showed that even if the certification was valid at the time of the advertisement, it can be considered as a violation of the Act on Fair Labeling and Advertising if the certification is revoked later when the deliberate manipulation is disclosed. It is also significant that the KFTC took strong action against unfair labeling and advertising related to exhaust emissions in a situation where consumers show more and more interest in air quality due to environmental issues like fine dust.

In the future, the KFTC plans to continuously monitor false and exaggerated labeling and advertising practices in sectors both directly and indirectly related to consumer health and safety.

**The Korean text of the documents is confirmed to be authentic and English version is only for reference*